

FILED

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

DEC 03 2018

AT 8:00 1:04 P.M. 58 M
WILLIAM T. WALSH
CLERK

UNITED STATES OF AMERICA : Hon.
:
v. : Criminal No. 18- 720(KSH)
:
OLEKSII IVANOV, : 18 U.S.C. § 1349
a/k/a "Oleksii Petrovich Ivanov," : 18 U.S.C. § 1343
a/k/a "Alex Ivanov," and : 18 U.S.C. §§ 1030(a)(5)(A), (c)(4)(B)
a/k/a "Іванов Олексій" : 18 U.S.C. § 2

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark,
charges:

COUNT ONE
(Conspiracy to Commit Wire Fraud)

1. At all times relevant to Count One of this Indictment:
 - a. OLEKSII IVANOV, a/k/a "Oleksii Petrovich Ivanov," a/k/a "Alex Ivanov," and a/k/a "Іванов Олексій," (hereinafter, "IVANOV") was a citizen of Ukraine who last resided in Kiev, Ukraine.
 - b. Company A was a company headquartered in New York, New York that operated an advertising server platform used by advertising server companies to place advertisements on online websites. Company A's primary computer servers were located in Hudson County, New Jersey.
 - c. Company B was a domain registrar and web hosting company headquartered in Scottsdale, Arizona.

Overview

2. From at least October 2013, and continuing through at least May 2018, IVANOV and his co-conspirators devised and executed an international computer hacking scheme whereby they:

- a. Created and used fictitious entities, as well as fraudulent or stolen online identities, to purchase online advertising space;
- b. Used these entities and identities to register Internet domains that hosted malicious advertisements; and
- c. Launched malicious online advertising campaigns—so-called “malvertising”—in an effort to deceive victim Internet users and to deliver malicious software (“malware”) to the computers of users who viewed or accessed the malicious advertisement.

3. IVANOV and his co-conspirators, through the above, caused unsuspecting Internet users to view or access their malicious advertisements on more than one hundred million occasions. By launching these malicious advertisement campaigns, IVANOV and his co-conspirators attempted to cause millions of dollars of losses to victim Internet users.

4. IVANOV and his co-conspirators deployed a number of approaches to profit from the dissemination of malware and malicious advertisements.

Relevant Terms and Definitions

5. The Internet advertising industry has three main components: “online publishers,” “online advertising server platforms,” and “online advertising companies.” “Online publishers” are the organizations that operate

and rent out space on third-party websites, such as news, entertainment, or sports websites. “Online advertising companies” are organizations that work directly with companies and individuals to publish their online advertisements on the Internet. In addition, certain companies operate “online advertising server platforms” that use computer algorithms to facilitate the placement of advertisements submitted by “online advertising companies” with “online publishers.”

6. “Display advertising” is a type of Internet advertising that uses web banners, frame ads, and other graphical advertisements that are delivered through websites that are accessed by computer users. Display advertising allows advertisers to track how many times an advertisement is viewed.

7. “Impressions” refers to how many views an online advertisement receives. A view is counted when a computer browser visits a website and a particular advertisement is served to the browser.

8. “Traffic” is used to generically describe visitors to a website or impressions of an advertisement.

9. Malicious software (“malware”) is a software program designed to disrupt the operation of a computer or other device, gather sensitive information, gain access to the computer or other device, and take other unwanted actions.

10. “Malicious advertisements” or “malvertisements” are online advertisements that attempt to direct the Internet browser of a victim computer

towards unwanted advertisements, malicious computer programs, or to other computers that can be used to install malware on the victim computer.

11. A “domain name” is a simple, easy-to-remember way to identify, among other things, computers, servers, and networks, using a series of characters (e.g., letters, numbers, or other characters) that correspond with a particular Internet Protocol (“IP”) address.

12. Domain names may be purchased through a “registrar,” which acts as the intermediary between the registry and the purchaser of the domain name. The individual or business that purchases, or registers, a domain name is called a “registrant.”

The Conspiracy

13. From at least in or around October 2013 through in or around May 2018, in Hudson County, in the District of New Jersey, and elsewhere, the defendant,

OLEKSII IVANOV,
a/k/a “Oleksii Petrovich Ivanov,”
a/k/a “Alex Ivanov,”
a/k/a/“ІВАНОВ Олексій,”

did knowingly and intentionally conspire and agree with others to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing and attempting to execute such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs,

signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

14. The object of the conspiracy was for IVANOV and others to unlawfully enrich themselves by launching malicious advertisements.

Manner and Means of the Conspiracy

15. It was part of the conspiracy that:

a. IVANOV and others created online personas and fictitious entities in order to pose as legitimate advertisers to advertising companies and advertising server platforms in correspondence or transactions regarding online advertising campaigns.

b. IVANOV and others used fictitious and fraudulent aliases to register domains to be used in furtherance of publishing malicious advertisements, including domains registered with Company B.

c. IVANOV and others deceived advertising companies and advertising server platforms, such as Company A, into causing the websites of third-party victim companies to publish malicious advertisements that appeared legitimate, but actually attempted to deliver malware to millions of victim Internet users.

d. After online advertisers and advertising server platforms flagged the co-conspirators' advertisements as malicious, IVANOV and others provided false and misleading statements designed to deceive advertisers and

advertising server platforms into continuing to cause the publishing of malicious advertisements.

e. IVANOV and others repeatedly changed the personas and fictitious companies that they used to launch malicious advertisements to circumvent advertising companies' and advertising server platforms' anti-malvertising safeguards.

f. IVANOV and others took steps to refine their malicious advertisements to circumvent advertising companies' and advertising server platforms' anti-malvertising safeguards, including using services that test malware and, using fictitious entities, corresponding with online advertising companies and other entities to learn why advertising server platforms had banned their advertisements as malicious.

g. IVANOV and others attempted to enrich themselves by offering to sell access to networks of devices infected with malware.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO THROUGH FIVE
(Wire Fraud)

1. Paragraphs 1 through 12 and 14 through 15 of Count One of this Indictment are re-alleged and incorporated herein as though fully set forth in this Paragraph.

2. From at least in or around October 2013 through in or around May 2018, in Hudson County, in the District of New Jersey, and elsewhere, the defendant,

OLEKSII IVANOV,
a/k/a "Oleksii Petrovich Ivanov,"
a/k/a "Alex Ivanov,"
a/k/a "Іванов Олексій,"

did knowingly and intentionally devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing and attempting to execute such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, each constituting a separate count of the Indictment:

Count	Approximate Date	Wire Transmission
2	4/24/2014	IVANOV caused a malicious advertisement hosted at an Internet domain address ("Domain 1") to be electronically transmitted to the servers of Company A in the District of New Jersey for online publishing.
3	6/25/2014	IVANOV caused a malicious advertisement hosted at an Internet domain address ("Domain 2") to be electronically transmitted to the servers of Company A in the District of New Jersey for online publishing.

4	7/3/2014	IVANOV caused a malicious advertisement hosted at an Internet domain address ("Domain 3") to be electronically transmitted to the servers of Company A in the District of New Jersey for online publishing.
5	7/15/2014	IVANOV caused a malicious advertisement hosted at an Internet domain address ("Domain 4") to be electronically transmitted to the servers of Company A in the District of New Jersey for online publishing.

In violation of Title 18, United States Code, Section 1343 and Section 2.

COUNT SIX
(Intentional Damage to a Protected Computer)

1. Paragraphs 1 through 12 and 14 through 15 of Count One of this Indictment are re-alleged and incorporated herein as though fully set forth in this Paragraph.

2. From on or about September 24, 2014, and continuing until the present, in Sussex County, in the District of New Jersey and elsewhere, the defendant,

OLEKSII IVANOV,
a/k/a "Oleksii Petrovich Ivanov,"
a/k/a "Alex Ivanov,"
a/k/a "ІВАНОВ ОЛЕКСІЙ,"

did knowingly cause the transmission of a program, information, code, and command, and aid and abet in the same, and as a result of such conduct, intentionally cause damage without authorization, to protected computers in the District of New Jersey and elsewhere, and the offense caused: (i) loss to one or more persons during any one-year period from IVANOV's course of conduct affecting protected computers aggregating to at least \$5,000 in value, and (ii) damage affecting ten or more protected computers during any one-year period.

In violation of Title 18, United States Code, Sections 1030(a)(5)(A), (c)(4)(B) and Section 2.

FORFEITURE ALLEGATION AS TO COUNTS ONE THROUGH FIVE

1. As a result of committing the offenses charged in Counts One through Five of this Indictment, the defendant,

OLEKSII IVANOV,
a/k/a "Oleksii Petrovich Ivanov,"
a/k/a "Alex Ivanov,"
a/k/a "Іванов Олексій,"

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said offense, and all property traceable thereto.

FORFEITURE ALLEGATION AS TO COUNT SIX

1. As a result of committing the offense charged in Count Six of this Indictment, the defendant,

OLEKSII IVANOV,
a/k/a "Oleksii Petrovich Ivanov,"
a/k/a "Alex Ivanov,"
a/k/a "Іванов Олексій,"

shall forfeit to the United States (a) pursuant to Title 18, United States Code, Sections 982(a)(2)(B) and 1030(i), any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of the offense charged in Count Six of this Indictment; and (b) pursuant to Title 18, United States Code, Section 1030(i), all right, title, and interest of the defendant in any personal property that was used or intended to be used to commit or to facilitate the commission of the offense charged in Count Six of this Indictment.

SUBSTITUTE ASSETS PROVISION
(Applicable to All Forfeiture Allegations)

1. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

the United States shall be entitled, pursuant to 21 U.S.C. § 853(p) (as incorporated by 28 U.S.C. § 2461(c) and 18 U.S.C. §§ 982(b) and 1030(i)), to forfeiture of any other property of the defendant up to the value of the above-described forfeitable property.

A TRUE BILL



FOREPERSON


CRAIG CARPENITO
United States Attorney

I HEREBY CERTIFY that the above and foregoing is a true and correct copy of the original on file in my office.

ATTEST
WILLIAM T. WALSH, Clerk
United States District Court
District of New Jersey

By: 
Deputy Clerk

CASE NUMBER: 18-

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

**OLEKSII IVANOV, a/k/a "Oleksii Petrovich Ivanov,"
a/k/a "Alex Ivanov," and a/k/a "Іванов Олексій"**

INDICTMENT FOR

18 U.S.C. § 1349

18 U.S.C. § 1343

18 U.S.C. §§ 1030(a)(5)(A), (c)(4)(B)

18 U.S.C. § 2

A True Bill,


Foreperson

CRAIG CARPENITO

U.S. ATTORNEY

NEWARK, NEW JERSEY

DARA AQUILA GOVAN
ASSISTANT U.S. ATTORNEY
973-297-4365
